

January 16, 2013

Congressional Committees

Subject: Force Structure: Army's Annual Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers

The Army considers its modular force transformation, which began in 2004, the most extensive restructuring it has undertaken since World War II. The foundation of the modular force is the modular brigade combat team. A primary goal of the restructuring effort was to increase the number of available brigade combat teams to meet operational requirements while maintaining combat effectiveness equal to or better than previous division-housed brigades. Restructuring the Army from a division-based force to one with the smaller modular brigade combat team as the standard combat unit has required an investment in “key enabler” equipment and personnel. “Key enabler” equipment and personnel—including those used for embedded combat support functions such as military intelligence, reconnaissance, and logistics—are defined as equipment and personnel that make a modular force or unit as capable as or more capable than the non-modular force or unit it replaced.

The Ike Skelton National Defense Authorization Act for Fiscal Year 2011,¹ which amended the John Warner National Defense Authorization Act for Fiscal Year 2007,² directed the Army to report annually on its progress in fulfilling the key enabler requirements of its modular units and in repairing, recapitalizing and replacing items used in support of overseas contingency operations. Specifically, the law required the Army to include, among other things, a comparison of the authorized level of key enabler equipment with the level of such equipment on hand and planned purchases; an identification of the risks associated with shortfalls, as well as mitigation strategies for addressing those risks; and the results of Army assessments of modular force capabilities. See enclosure I for the full text of the statutory reporting requirements. The law also directed us to review the report and to provide information and recommendations deemed to be appropriate in light of our review. The Army issued its fiscal year 2012 report in May 2012. In reviewing the Army's fiscal year 2012 report, we evaluated the extent to which the Army included information in response to the statutory reporting requirements and demonstrated progress in meeting modular force requirements.

In our review of the Army's fiscal year 2012 report on progress in fulfilling modularity requirements, we reviewed the reporting requirement enacted by section 323 of the John Warner National Defense Authorization Act for Fiscal Year 2007, as amended by section 332 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011. The current

¹ Pub. L. No. 111-383, § 332 (2011).

² Pub. L. No. 109-364, § 323 (2006).

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requirements are set out in a note following 10 U.S.C. §229 (see encl. I). To determine the extent to which the Army included information in response to the statutory reporting requirements and demonstrated progress in meeting modular force requirements, two GAO analysts independently reviewed the fiscal year 2012 report, comparing it with each element required by the law and determining whether each required reporting element was included. In the case of any conflicting determinations, a third GAO analyst adjudicated the difference. To gain a full understanding of the elements included in the annual report and to discuss the methodology used for collecting information and reporting on the Army's progress toward modular restructuring, we met with Army officials knowledgeable about compiling information for the report, key enabler personnel and equipment, equipment reset,³ doctrine, and force structure changes. We also reviewed the Army's fiscal year 2011 report on progress in fulfilling modularity requirements to determine the extent to which the report could be compared with the fiscal year 2012 report to determine the extent of progress in fulfilling modularity requirements between fiscal years 2011 and 2012. Finally, we compared information in the Army's fiscal year 2012 report with our prior work on the usefulness of agency performance information.⁴ For the purposes of our review, we defined "performance information" as data collected to measure progress toward achieving an agency's established mission or program-related goals.

We conducted this performance audit from August 2012 to January 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

In its fiscal year 2012 report, the Army included information that responded to some of the statutory reporting requirements, but did not include required information on the risks associated with, and mitigation strategies for, any shortfalls in key enabler personnel and equipment and a schedule for meeting personnel and equipment needs. The report included, among other things, an assessment of the status of key enabler personnel and equipment and information on assessments of modular force capabilities. However, the Army did not present the information it included in a way that clearly demonstrated the extent of progress toward meeting modular force requirements. While not explicitly required by law, there were also a number of ways in which the Army could have presented the information to better demonstrate the extent of progress toward meeting modularity requirements. For example, the Army could have provided more explicit comparisons with prior years to demonstrate the trend toward meeting key enabler equipment and personnel requirements, but instead presented limited data for only one year. Army officials agreed that some of the required information was omitted and that some of the information could have been presented in a manner to more clearly demonstrate the extent of progress. A key reason for the limitations in presentation, according to the officials in charge of compiling the report, was that the various offices tasked with providing information needed to respond to the statutory requirements used their own judgment about the amount and format of

³ Reset is defined as the repair, recapitalization, and replacement of equipment and materiel.

⁴ GAO, *Results-Oriented Management: Strengthening Key Practices at FEMA and Interior Could Promote Greater Use of Performance Information*, [GAO-09-676](#) (Washington, D.C.: Aug. 17, 2009).

information they included, which resulted in inconsistencies in the level of detail provided and the degree to which information was explained. Further, the Army did not ensure that performance information was reported in a consistent manner and that all issues were addressed and sufficiently explained by providing guidance on the level and type of detail required or taking steps to ensure the information was clear and consistent. To be useful, performance information must meet users' needs for completeness, accuracy, consistency, and ease of use.⁵ Without guidance on how information should be reported to ensure the collection of more complete and clear information, the Army's future annual reports may not provide clear and complete information that is useful to congressional decision makers.

Background

A significant change of the Army's transition to a modular design was that each modular brigade combat team would include two combat-focused, or maneuver, battalions, as opposed to the three maneuver battalions that made up a combat brigade in the previous divisional structure. However, the new modular brigades were envisioned to be just as capable due to different equipment—including key enabler equipment such as advanced communications and surveillance equipment—and specialized personnel. The Army planned to reconfigure its total force—including both active and reserve components—into a standardized modular design. These standardized modular unit designs were implemented in the Army Reserves and National Guard with the same organizational structure, equipment, and personnel requirements as active duty units. The Army expects that all its brigades will convert to modular designs as of fiscal year 2013.

In September 2011 the Army issued a report that should have responded to section 332 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011, which amended the reporting requirements in section 323 of the John Warner National Defense Authorization Act for Fiscal Year 2007. In our review of that report,⁶ however, we noted that the report had addressed the outdated requirements set out in the John Warner National Defense Authorization Act for Fiscal Year 2007, rather than the amended requirements. Army officials agreed, and in May 2012, the Army reissued the fiscal year 2011 report along with the fiscal year 2012 report. The fiscal year 2012 report is based on data from the fiscal year 2013 President's budget submission, and does not reflect any anticipated changes to the Army budget or modular force structure not reflected in that budget. Through an initiative called Army 2020, the Army is studying its future operational environment, roles and missions, and changes to the structure of the modular forces. However, the Army has not yet made decisions about the modular forces' future organization and requirements.

Army Included Some Statutorily Required Information in Fiscal Year 2012 Report but Did Not Clearly Demonstrate Extent of Progress Toward Meeting Modularity Requirements

The Army included information related to the status of key enabler personnel and equipment, assessments of modular force capabilities, the status of doctrine for the modular forces, and comments of the Army Reserve and National Guard in its fiscal year 2012 report in response to the statutory reporting requirements, but omitted other required items, such

⁵ [GAO-09-676](#).

⁶ GAO, *Force Structure: Assessment of Army Report on Fiscal Year 2011 Progress in Modular Restructuring*, [GAO-12-527R](#) (Washington, D.C.: Mar. 26, 2012).

as the risks and mitigation strategies associated with shortfalls in key enabler personnel and equipment. In addition, the performance information the Army included did not clearly demonstrate the extent to which the Army has made progress in meeting modular force requirements. We have previously reported that to be useful, performance information must meet users' needs for completeness, accuracy, consistency, and ease of use.⁷ We have also reported that even in instances where agencies produce a great deal of performance information, this information may not be presented in a manner that is useful for congressional decision making.⁸ Because the Army did not provide guidance on the level and type of detail to be included in the report or take additional steps to ensure clarity and consistency of information, the various offices providing information for the report used their own judgment as to the amount and format of information. In the following sections we examine the extent to which the Army included the statutorily required information as well as the extent to which the information was presented in a way that is useful for assessing progress in meeting modularity requirements.

Army Included Required Assessment of Key Enabler Equipment and Personnel, but Did Not Clearly Communicate the Extent of Progress

The law required the Army to include in the report an assessment of the key enabler personnel and equipment of the Army, including a comparison of the authorized levels of key enabler equipment, the levels of key enabler equipment on hand, and the planned purchases of key enabler equipment set forth in the Future Years Defense Program (FYDP). It also required the Army to include a comparison of the authorized and actual personnel levels for personnel with key enabler personnel specialties with the requirements for those specialties. In addition, the law required the Army to identify any shortfalls revealed by these comparisons, and to include an assessment of the number and type of key enabler equipment that the Army projects it will have on hand by the end of the FYDP that will require repair, recapitalization, or replacement at or before the end of the time period covered by the FYDP.

In response to the statutory requirement to include an assessment of key enabler personnel, the Army included a discussion of a number of key enabler specialties, providing percentages of the personnel on hand for these specialties relative to the requirement. However, while not explicitly required by the legislation, the Army's progress in meeting personnel requirements was not as clear as it could have been because the Army did not include how many persons in the specialties are required or the actual numbers of persons performing in these specialties. For example, the report stated that the number of counterintelligence agents increased to 71 percent of the requirement. Without the number of counterintelligence agents, it is difficult to determine the magnitude of the effect of the gap in agents on the forces or the resources required to close the gap. The Army's report stated that overall, key enabler requirements stabilized after fiscal year 2011, allowing the Army to progress in closing the gap in key enabler personnel shortfalls. However, the Army did not provide comparisons with information from previous years on each personnel specialty, which while not required by the legislation, would have more clearly demonstrated the extent of progress. Further, inconsistencies in reporting on the personnel specialties with gaps

⁷ [GAO-09-676](#).

⁸ GAO, *Managing for Results: A Guide for Using the GPRA Modernization Act to Help Inform Congressional Decision Making*, [GAO-12-621SP](#) (Washington, D.C.: June 15, 2012).

between the fiscal year 2011 report and the fiscal year 2012 report hindered the ability to assess progress by comparing the two reports.

The Army included required information on equipment levels in the following forms:

- a section entitled “Army Equipment Modernization Update,” which listed 10 systems in the fiscal year 2013 President’s budget request that the report said are critical to the Army’s success in current and future operations
- two appendixes listing key enabler systems, ranging from tractors to unmanned aerial vehicles, with their associated funding levels for fiscal year 2012 and the requested funding levels for fiscal year 2013
- an appendix showing fiscal year 2017 (the end of the then-current FYDP) authorized equipment, on-hand equipment, planned procurements, and anticipated shortages for the Army’s “major capabilities” and “families of systems,” which the Army officials told us are major groupings that encompass all the Army’s equipment spending and include various systems.

However, the way the information was presented did not clearly communicate the extent to which the Army has made progress toward meeting key enabler personnel and equipment requirements. For example, the extent to which shortfalls exist for specific key enabler equipment is not clearly demonstrated because the shortfalls are only shown by major groupings of systems, thereby masking whether shortfalls exist in specific items that might be critical to mission success. In addition, the report does not provide comparisons with previous years, so it is difficult to determine from the report alone whether the Army has made progress in fulfilling key enabler equipment requirements. Since the report does not list shortfalls for specific key enabler systems, it is not possible to make a comparison with the fiscal year 2011 report in order to observe a trend. While comparisons with prior years were not explicitly required by the law, the ability to observe a trend would provide a better picture of the extent to which progress has been made.

Army Included Information on Assessments of Modular Force Capabilities and Doctrine, but Provided Few Details

The law required that the report include information about the results of Army assessments of modular force capabilities, including lessons learned from existing modular units and any modifications that have been made to modularity, and a description of the status of development of doctrine on how the modular forces will train, be sustained, and fight.

The report stated that the results of Army assessments of modular force capabilities, including lessons learned from existing modular units, have driven several modifications to modularity but the report did not clarify the nature of the lessons learned from the assessments and the nature of the doctrinal changes the Army has made. To date these modifications have required only minor alterations to the design of modular units, although the Army is studying the possibility of more significant changes, such as adding an additional maneuver battalion to the modular brigade combat teams, bringing the total number of maneuver battalions in each brigade combat team to three. According to the report, one result of lessons learned was the identification of the need for increases in the number of medical specialists, electronic warfare specialists, company intelligence support teams, and unit supply specialists. Lessons learned have also led to changes in the way

modular forces are equipped and trained and to doctrinal changes. The Army has an ongoing process to collect and analyze lessons learned which has informed the revision of Army doctrine, as well as training and educating the modular force in its core competencies. However, beyond the details noted above, the report did not elaborate on the nature of the lessons learned from assessments or the experiences of modular forces on the battlefield, nor give examples of the changes made to doctrine. Army officials told us that they track all lessons learned from experience with the modular forces, as well as all changes made to modular force structure as a result of lessons learned. As a result, additional information is available and could be reported. In addition, Army officials said that it would be possible to provide details of the doctrinal changes in future annual reports.

Army Reserve and National Guard Commented on Some Aspects of the Report

The law required that the report include comments from the Chief of the National Guard Bureau and the Chief of the Army Reserve on each of the other required reporting elements. The Army's report included the comments of the Director of the Army National Guard and the Chief of the Army Reserve. Army officials told us that they included the comments of the Director of the Army National Guard rather than the Chief of the National Guard Bureau because the National Guard Bureau is a coordinating organization that includes both the Army National Guard and the Air National Guard, while the Army National Guard has the responsibility of training and equipping Army National Guard forces.

Both the Army National Guard and the Army Reserve provided comments on some of the required reporting elements, but some issues were not addressed. For example, the Army Reserve stated that for key enabler equipment, it continues to improve equipment on hand and modernization levels, and that by the end of fiscal year 2012, it expects to have 86 percent of equipment on hand and 66 percent modernization levels. The Army National Guard also provided information on key enabler equipment, stating that equipment on hand is at 89 percent and will continue to improve. However, the reserve components did not comment on each of the required reporting elements. For example, the reserve components did not comment on the comparison of actual personnel levels for key enabler specialties with the requirements for those specialties.

Army Did Not Consistently Itemize Information by Component or Employ a Consistent Definition of Key Enabler

The law requires the information presented in the report to be itemized by active component and reserve component, and provides a definition of key enabler equipment and personnel for purposes of the report. However, information was not clearly itemized throughout the report, and it was unclear as to whether a common definition of key enabler was used consistently. The Army itemized some of the information on key enabler equipment status by component in the report, but Army officials told us that personnel information presented in the report reflected only the active component. The Army did not clarify this in the report, however. In addition, Army officials told us they tasked the personnel section of the report to the personnel office of Army headquarters staff, which does not have access to all reserve component personnel data. Finally, Army officials told us that the information reported on the status of equipment reset reflected all Army components combined. The Army did not clarify this in the report, however.

Regarding the statutory definition of "key enabler," it was also unclear whether the Army used a common definition of key enabler, consistent with the definition provided in the law,

for the purposes of the report because information on equipment is presented inconsistently throughout the report. One section of the report lists 10 key systems, two appendixes provide longer lists of systems in which some but not all of the 10 key systems are included, and another appendix lists major groupings of systems encompassing all the Army's equipment spending. As a result, it is unclear which systems are the key enablers and whether the systems listed fit within the definition provided in the statute.

Army Did Not Address the Requirement to Identify Risks Associated with Shortfalls and Strategies for Mitigation or Provide a Schedule for Meeting Personnel and Equipment Needs

The law required an identification of risks associated with identified shortfalls and mitigation strategies to address those risks, as well as a schedule for fulfilling key enabler equipment requirements and equipment reset.

While the Army's fiscal year 2012 report did provide some information on shortfalls in key enabler personnel and equipment, it did not discuss the risks, if any, to the forces of these shortfalls, and did not identify a strategy by which the Army mitigates any such risks. Army officials we spoke with agreed that this discussion was missing from the report and stated that in future reports they would include this information. Furthermore, they told us some reasons for shortfalls and steps the Army has taken to mitigate these shortfalls. In the case of key enabler personnel, Army officials said that shortfalls have been caused by the growth in requirements for certain key specialties needed for modular units, and that the Army has had difficulty meeting these needs due to the time required to develop specialized skills. Army officials told us that to compensate the Army has adopted strategies such as increasing the personnel deployment tempo for key specialties or substituting with personnel from related fields. In the case of key enabler equipment, officials said that the Army has in some cases deliberately chosen not to meet stated requirements due to the costs involved. Also, to meet deployed units' equipment needs in these areas, the Army has positioned some key equipment in theater, allowing units rotating into theater to obtain the equipment there, and has positioned some of the same equipment at major training centers in the United States to enable units to train with the equipment. Modular equipment requirements were established in order to meet the needs of high-intensity combat, officials noted, whereas in recent years the Army has been predominantly occupied with other types of operations that had different equipping needs than those originally planned for.

In addition, the Army did not include a schedule for fulfilling key enabler equipment requirements and for repairing, recapitalizing, and replacing equipment and materiel used in support of overseas contingency operations and their associated sustainment. Army officials stated that the Army has chosen to equip forces as efficiently as possible by selectively purchasing key enabler equipment to share among units for training and by meeting deployed forces' needs by providing key enabler equipment in the theater of operations. Because the Army does not intend to purchase equipment to meet all key enabler requirements, officials said they have not developed a schedule to meet all key enabler equipment requirements. The Army presented its total planned procurements through fiscal year 2017 in an appendix of the report. However, the information is not broken out by fiscal year in the report, and it is not clear what percentage of the requirement for specific key enabler systems the Army plans to acquire. Additionally, with regard to equipment reset, Army officials stated that contingency operations and thus equipment repair or replacement needs are unpredictable—such as the number of battle losses and the related amount of wear-and-tear on equipment. The officials stated that this lack of predictability makes it impossible to forecast future requirements for repair, recapitalization, and replacement of

equipment used in contingency operations. Therefore, Army officials stated that the Army cannot develop a schedule for meeting such future requirements.

Lack of Supplemental Guidance to Ensure Completeness Led to Insufficient Information

Army officials told us that they compiled the report using information they received from Army offices with expertise in relevant areas such as personnel and equipment. Specifically, the officials in these offices were provided with copies of the statute setting out the requirements for the Army's report, but the officials were not given additional guidance specifying the format they should use when providing information to the officials compiling the report or the level of detail expected. Army offices interpreted the statutory requirements for themselves when concluding what information they should provide, and, as a result, the information provided by the various offices was inconsistent in format and detail. Army officials agreed that some of the required information was omitted and that some of the information could have been presented in a manner to more clearly demonstrate progress. Without more detailed guidance to the various offices providing the information, future annual reports may not provide congressional decision makers with a clear understanding of the extent to which the Army has made progress in meeting modular force requirements.

Conclusions

The Army expects that its forces will have completed the transition to modular designs by the end of fiscal year 2013, and has received substantial funds to restructure and rebuild its forces. However, the Army still has not reported clearly and completely on its progress in meeting modularity requirements. The Army's fiscal year 2012 report included some of the information required by law, but the extent to which progress has been made is still unclear, as are the types of tradeoffs and risk mitigation strategies the Army has adopted to meet the needs of ongoing operations. Until the Army provides guidance to the offices submitting information for the report specifying the level and type of detail required, decision makers in Congress will not be in the best position to make program and funding decisions as the Army considers and adopts further changes to its organization and force structure.

Recommendation for Executive Action

To better provide Congress with information needed to conduct oversight and make decisions on programs and funding, we recommend that the Secretary of the Army provide guidance on the level and type of detail needed to each office within the Army responsible for providing information to officials compiling the annual report on the Army's progress in meeting modular force requirements. Such guidance should at a minimum ensure that future reports provide comparisons with information from prior years to identify trends and therefore the extent of progress made in fulfilling modular force requirements; identify specific lessons learned and link them to key modifications made to modular forces; identify key doctrinal changes made and their significance to the modular forces; use a consistent definition of "key enabler" equipment and personnel, consistent with the statutory definition, throughout the report; and include both active and reserve component information throughout the report.

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of the Army for comment. In its written comments, reproduced in enclosure II, the Army generally concurred with our findings that additional, and more detailed, information could have added clarity to its report, but did not identify any actions it planned to take in response to our recommendation. The Army provided some additional information related to the legislative reporting requirements, but did not specifically respond to our recommendation to provide guidance to each office within the Army responsible for providing data for the report. In its comments, the Army identified five items as GAO recommendations. Although each item was related to the contents of our report, we did not make these specific recommendations. For example, the Army said that GAO had recommended that the Army's report include input from the Army Reserve and Army National Guard leadership and stated that the Army did not agree because it had included comments from the Army Reserve and Army National Guard leaders. However, we made no such recommendation and noted that the Army's report had included comments from the Army Reserve and Army National Guard on some of the required reporting elements. Instead, we noted that some areas of the Army's report did not include reserve component data, such as the comparison of key enabler personnel. We continue to believe that the Army should develop guidance to ensure that future reports are clearer and more complete. We have revised the wording of our recommendation to clarify that we are recommending that the Army provide guidance on the level and type of detail required for future reports. We also revised the wording of the recommendation to specify that the Army should include both active and reserve component data throughout the report.

We are sending copies of this report to the Secretary of the Army and appropriate congressional committees. The report is also available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (404) 679-1816 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure III.



John H. Pendleton, Director
Defense Capabilities and Management

Enclosures - 3

List of Committees

The Honorable Carl Levin
Chairman
The Honorable James Inhofe
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Howard P. McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable C.W. "Bill" Young
Chairman
The Honorable Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Statutory Reporting Requirements

The following is the text of the legislative mandate for the Army's annual report on progress in meeting modularity requirements as well as the mandate for GAO to review the report.⁹

(c) Annual report on Army progress.--(1) On the date on which the President submits to Congress the budget for a fiscal year under 31 U.S.C. §1105, the Secretary of the Army shall submit to the congressional defense committees a report setting forth the progress of the Army in fulfilling the key enabler equipment requirements of modular units and in repairing, recapitalizing, and replacing equipment and materiel used in support of overseas contingency operations underway as of the date of such report, and associated sustainment. Any information included in the report shall be itemized by active duty component and reserve component.

“(2) Each such report shall include the following:

“(A) An assessment of the key enabler equipment and personnel of the army, including—

“(i) A comparison of—

“(I) the authorized level of key enabler equipment;

“(II) the level of key enabler equipment on hand; and

“(III) the planned purchases of key enabler equipment as set forth in the future-years defense program submitted with the budget for such fiscal year;

“(ii) a comparison of the authorized and actual personnel levels for personnel with key enabler personnel specialties with the requirements for key enabler personnel specialties;

“(iii) an identification of any shortfalls indicated by the comparisons in clauses (i) and (ii); and

“(iv) an assessment of the number and type of key enabler equipment that the Army projects it will have on hand by the end of such future-years defense program that will require repair, recapitalization, or replacement at or before the end of the time period covered by such future-years defense program (which assessment shall account for additional repair, recapitalization, or replacement resulting from use of key enabler equipment in overseas contingency operations).

“(B) If an assessment under subparagraph (A) identifies shortfalls that will exist within the period covered by the future-years defense program submitted in such fiscal year, an identification of the risks associated with such shortfalls and mitigation strategies to address such risks.

“(C) A schedule for the accomplishment of the purposes set forth in paragraph (1).

⁹ Pub. L. No. 111-383, § 332 (2011), which amended Pub. L. No. 109-364, § 323 (2006). This language can be found in a note following 10 U.S.C. §229.

“(D) The results of Army assessments of modular force capabilities, including lessons learned from existing modular units and any modifications that have been made to modularity.

“(E) A description of the status of the development of doctrine on how modular combat, functional, and support forces will train, be sustained, and fight.

“(F) The comments of the Chief of the National Guard Bureau and the Chief of the Army Reserve on each of the items described in subparagraphs (A) through (E).

“(d) Annual Comptroller General report on Army Progress.--Not later than 180 days after the date on which the Secretary of the Army submits a report under subsection (c), the Comptroller General of the United States shall submit to the congressional defense committees a report setting forth the Comptroller General's review of such report. Each report under this subsection shall include such information and recommendations as the Comptroller General considers appropriate in light of such review.

“(e) Definitions.--In this section:

“(1) The term ‘contingency operation’ has the meaning given that term in 10 U.S.C. 101 (a)(13). **“(2)** The term ‘key enabler’, in the case of equipment or personnel, means equipment or personnel, as the case may be, that make a modular force or unit as capable or more capable than the non-modular force or unit it replaced, including the following:

“(A) Equipment such as tactical and high frequency radio, tactical wheeled vehicles, battle command systems, unmanned aerial vehicles, all-source analysis systems, analysis and control elements, fire support sensor systems, firefinder radar, joint network nodes, long-range advanced scout surveillance systems, Trojan Spirit systems (or any successor system), and any other equipment items identified by the Army as making a modular force or unit as capable or more capable than the non-modular force or unit it replaced.

“(B) Personnel in specialties needed to operate or support the equipment specified in subparagraph (A) and personnel in specialties relating to civil affairs, communication and information systems operation, explosive ordinance disposal, military intelligence, psychological operations, and any other personnel specialties identified by the Army as making a modular force or unit as capable or more capable than the non-modular force or unit it replaced.

Comments from the Department of the Army



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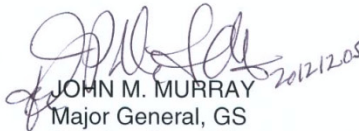
5 DECEMBER 2012

MEMORANDUM FOR Mr. John Pendleton, Director, Defense Capabilities and Management, U.S. Government Accountability Office, 441 G Street, NW, Washington, DC 20548

SUBJECT: GAO Draft Report, GAO-13-183R (GAO Code 351756), "Force Structure: Army Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers."

1. This is the Department of Defense (DOD) response to the GAO Draft Report, GAO-13-183R, "Force Structure: Army Report on Modularity Progress Needs More Complete and Clear Information to Aid Decision Makers," dated November 20, 2012.
2. The Army has reviewed the draft report submitted by the Government Accountability Office (GAO) on 21 November 2012 which reflects a review of the Fiscal Year (FY) 2012 Army report on modularity. The report concluded the Army met the statutory reporting requirement, but had not reported clearly and completely on the progress of modularity. The Army concurs with the findings that additional, and more detailed information, could have added clarity to both equipment and personnel analyses.
3. Enclosed is our specific response to the report recommendation. Please extend our appreciation to your auditors for the work performed.
4. My POC is Mr. Dan Egbert, 703-693-3241, Daniel.j.egbert3.civ@mail.mil.

Encl


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(1) GAO Recommendation: Include comparisons of the authorized level of key enabler personnel and equipment on hand along with the plan for future equipment purchases/personnel accessions to attain required endstates.

Army Position: Concur with comment. (1) Personnel: The Army noted that the FY 2012 personnel inventory was generally sufficient to meet operational demand. There remained select enabler skill sets which fell below the 90% threshold. Most of these were Electronic Warfare Specialists (29E) which remained at 78%, Counter Intelligence Agents (35L) and Cryptologic Specialists (35P) which improved to 71% and 72%, respectively. One exception to the stabilization of key enabler requirements was the growth of Civil Affairs capability in support of the Army's General Purpose Forces. While projections show that 29E, 35L and 35P should achieve fill rates on ~ 90% by the end of FY 2012; it will take several years to generate the inventory required to meet the overall Civil Affairs demand. (2) Equipment: The Army provided GAO projected FY 2013 funding of equipment for key shortages, modernization by component, authorized, on-hand, procurements, and shortages as reflected in the FY 2012 PB and the FY 2013 PB. Equipment data was provided for all major end items rolled to Major Capabilities for all equipment and by Line Item Numbered (LIN) Families for key enablers. On-hand, procurements and shortages were projected to FY 2017 based on existing inventory, prior year and requested procurements. The on-hand projected inventory only includes modernized equipment (older equipment is expected to be divested by FY 2017). The Army also provided the quantities expected to be repaired, replaced and recapitalized in FY 2012 based on other contingency operation requirements.

(2) GAO Recommendation: Address the risks associated with personnel and equipment shortfalls.

Army Position: Concur with comment. (1) Personnel. The Army noted that even though shortages of some skill sets existed at the beginning of FY 2012, the vast majority of the key enabler personnel inventories exceeded 90% of the documented requirement. This inventory was generally sufficient to meet operational demand while allowing Soldiers adequate dwell time between deployments. Although not stated in the Draft Report, Army Subject Matter Experts (SME's) did discuss the role that Army Manning Guidance plays in managing personnel risk by directing manning levels consistent with Army priorities. (2) Equipment. The report cited the fact that equipping shortfalls and associated risk is reduced by the fact that common organizational designs enable deploying units to cross level equipment at home station minimizing friction between rotating units by decreasing the requirement to ship equipment into and out of theater, increasing the training time available to the arriving unit, and decreasing the reset requirement for the unit returning to home station. The report noted that Army continued to leverage all available resources – new

production, Reset, and equipment redistribution, cross-leveling, and the use of Army Preposition Stock (APS) - to meet unit equipment requirements and minimize the risk associated with known equipment shortfalls.

(3) GAO Recommendation: Identify mitigation strategies for addressing personnel and equipment risks.

Army Position: Concur with comment. (1) Personnel. The Army noted that significant challenges existed in meeting the demands related to growing key personnel capabilities required of the modular force. As noted above, the FY 2012 inventory was generally sufficient to meet operational demand. Although not stated in the Draft Report, Army Subject Matter Experts (SME's) did discuss the role that Army Manning Guidance plays to manage expectations by establishing manning priorities for all Army units. (2) Equipment. The Army noted that through the examination of equipment portfolios, coupled with the implementation of ARFORGEN equipping methodology, the Army has achieved a balanced, fiscally responsible FY 2013 Research, Development and Acquisition request.

(4) GAO Recommendation: Address the results of Army assessments of modular force capabilities.

Army Position: Concur with comment. The Army reported that assessments of modular force capabilities, including lessons learned from modular units in combat have driven several modifications to the modular force in manning and equipping but only minor design modifications. For example, lessons learned identified the need for increases in medical specialists, electronic warfare specialists, Company Intelligence Support Teams and unit supply specialists. Adapting to an evolving enemy strategy forced the Army to continually refined how modular formations train and fight given new doctrine, tactics, techniques and procedures, and rapid acquisition and fielding of new equipment.

(5) GAO Recommendation: Include input the from the USAR and ARNG leadership.

Army Position: Nonconcur. Both the USAR and ARNG provided comments required of the legislation. Both the USAR and ARNG chose to focus their comments on how equipping modular formations and equipment on hand had increased since the previous report. The Army Reserve projected its equipment on hand to be at 86 percent and its modernization levels to be at 66 percent modernization levels by the end for FY 2012. The Army Reserve noted that it continued to rely on a combination of theater provided equipment, cross-leveling, and new Army procurements to meet deployment training and mission requirements. The ARNG noted that the pre-9/11 equipment on hand percentage was approximately 70 percent and projected its equipment on hand status to be at 89 percent by the end for FY 2012.

GAO Contact and Staff Acknowledgments

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